

**STATEMENT**  
**OF**  
**MR. CARL SANDERS**  
**PRESIDENT**  
**ALABAMA PEANUT PRODUCERS ASSOCIATION**  
**COFFEE COUNTY, ALABAMA**  
**SOUTHERN PEANUT FARMERS FEDERATION**  
**BEFORE THE**  
**U.S. HOUSE COMMITTEE ON AGRICULTURE**  
**FEBRUARY 7, 2006**

Good Morning Chairman Goodlatte, Members of the Committee, my name is Carl Sanders. I am a peanut producer from Coffee County, Alabama. I am President of the Alabama Peanut Producers Association and am here today representing the Southern Peanut Farmers Federation. The Federation is comprised of the Alabama Peanut Producers Association, the Georgia Peanut Commission and the Florida Peanut Producers Association. Our grower organizations represent the majority of peanuts grown in the United States.

My 1,050 acre farm is diversified producing peanuts, cotton, corn, small grains and cattle. I was born and raised on this farm. My wife of 31 years and I have five children. I am a graduate of Auburn University with a degree in Agricultural Sciences. I consider myself to be an American Family Farmer.

First, I want to thank the House Agriculture Committee for its leadership in moving the U.S. peanut program from a supply-management program to a more market oriented program in the 2002 Farm Bill. Your leadership protected those U.S. quota holders who had invested their money in peanut quota for many years. Yet you allowed our industry to move into the future with a program designed to make U.S. peanut producers competitive in both the domestic and export marketplaces.

At our 2002 Southern Peanut Farmers Federation meeting in Panama City, Florida, Congressman Terry Everett told peanut producers that this program should be changed. He encouraged our producers to work with the Congress to create the best market-oriented program possible. We took Congressman Everett's advice.

The new peanut program has encouraged peanut product manufacturers to develop new products and spend more money on marketing these products. Domestic demand has increased for peanut products. The new program has also allowed producers to more readily enter peanut production. In Alabama alone, peanut production has expanded from 15 counties in 2002 to 32 counties in 2005.

We believe the peanut program has cost the federal government less than anticipated by the Committee.

In discussions with other segments of the industry including buying points, shellers and manufacturers and each have indicated they were generally pleased with the 2002 Farm Bill. Each segment of the industry supported the peanut title of the 2002 Farm Bill.

While the Congress passed a very respectable peanut program in 2002, the administration of the peanut program by the U.S. Department of Agriculture has not been as successful. While the domestic marketplace has seen a healthy increase in demand from consumers and production growth for producers, this has not been the case for the peanut export market. How can this be so when U.S. producers lowered their price support significantly in the 2002 Farm Bill?

The USDA continues to set the loan repayment rate for peanuts too high. Despite language to the contrary in the 2002 Farm Bill, the Department has relied far too much on

data unrelated to the price other export nations are marketing peanuts for in the world marketplace. U.S. peanut producers have lost a significant portion of their export market despite the changes invoked by the 2002 Farm Bill. Our present export situation is directly related to the high loan repayment rate set by USDA. Although peanut state Members of Congress have tried to assist producers in meetings with USDA, letters and inquiries in formal hearings since the 2002 Farm Bill, the rate has remained artificially high. The 2002 Farm Bill directed the Secretary to establish a loan repayment rate that the Secretary determines will:

- Minimize potential loan forfeitures
- Minimize the accumulation of stocks of peanuts by the Federal Government
- Minimize the cost by the Federal Government in storing peanuts
- Allow peanuts produced in the United States to be marketed freely and competitively, both domestically and internationally.

It is this last point that is most problematic. The Federation believes that USDA is not sufficiently considering the competition in the world marketplace. This lack of response to competition from other origins has critically wounded our export programs.

The Southern Peanut Farmers Federation will be meeting with our industry partners in the coming days to develop more specific suggestions for the next Farm Bill and will promptly submit those to your Committee. At present, we support the

continuation of the current program but will seek to update specific provisions. When the 2002 Farm Bill was drafted, peanut producers did not envision record high energy prices that impact our major crop inputs including fuel, fertilizer and chemicals. The 2006 peanut crop will feel the full impact of these increased costs. It is important that the next Farm Bill not rest on the backs of declining farm equity. We hope that every effort will be made to insure that producers who are assuming the risk in agriculture will be the recipients of these programs and incentives.

Finally, our peanut producers in the Southeast are very concerned about the U.S. Trade Representative's recent Doha Round proposal for Less Developed Countries. To allow Less Developed Countries access to markets import and duty free could severely impact U.S. peanut producers. The list of countries involved in this sector produce over twice as many peanuts as U.S. producers. We appreciate Chairmen Goodlatte and Chambliss conveying their concerns about the Doha Round negotiations to the Administration.

I appreciate the opportunity to be here today representing Southeastern peanut growers.

Thank you.